MEMORANDUM

To: EEC Exemption Mechanism Working Group

From: Ann Bishop and Ed McNamara

Re: Follow-up from First Working Group Meeting

Date: March 8, 2007

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The Energy Efficiency Charge Exemption Mechanism Working Group's ("Working Group") first meeting was on February 28, 2007. This memorandum summarizes items that were agreed to at that meeting.

Working Group Coordination
Michael Wickenden, the Energy Efficiency Utility ("EEU") Contract Administrator, will serve as the coordinator for the Working Group. The Board has established a webpage for the Working Group — www.state.vt.us/psb/EEU/EECexemptionmechanism/EECexemption.htm. The Board has also created an email service list for the Working Group. This list is posted on the Working Group's webpage.

Next Meetings
The Working Group will meet from 1:30 to 4:30 p.m. on both March 12, 2007, and March 26, 2007. Both meetings will be held in the Vermont Department of Public Service's Giga Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier. Any interested person may attend.

Topics for Working Group
The Board's January 8, 2007, Order listed several topics on which it would like the Working Group to make recommendations. These include:
- Should customers be required to file EEC exemption requests and supporting documentation with Efficiency Vermont (or BED), and the Contract Administrator, in addition to the Board and the DPS? (pg. 20)
- Can a standard application form be developed? (pg. 20)

- Is it necessary to allow three months for Efficiency Vermont or BED to verify project cost-effectiveness? (pg. 20)
- Will site visits be required to verify project installation? If so, who will perform them? (pg. 20)
- Are paper filings sufficient to consider EEC exemption requests? (pg. 20)
- Is two weeks sufficient time for the Board to rule on all exemption applications? What happens if the Board receives many applications? (pg. 20)
- Which technical standards should be used to determine what constitutes an extraordinary amount of cost-effective energy efficiency? (pg. 8)
- How can agreed-upon information regarding baselines be provided to customers so that the customers can determine the incremental costs of energy efficiency? (pg. 9)
- How does one establish baselines for custom projects for which no baselines have been previously defined? (pg. 9)

Attendees at the Working Group's first meeting identified several other issues they will strive to make recommendations on:
- How should participant measure costs be defined?
- Are there any limits to the technical assistance that EVT may provide to a customer on a particular project before that project could no longer be used to support a request for an exemption? If so, what should those limits be?
- If exemptions are granted, what are the possible rate impacts to customers who continue to pay the EEC? Are there steps that should be taken to minimize those rate impacts?
- Should the schedule for applying for an exemption be modified in the first year?

Time Frame for Recommendations

The Working Group agreed that it would make its recommendations to the Board on the above issues by August 1, 2007.

Issues for Board to Clarify

The Working Group also identified three issues that it believes would be helpful for the Board to clarify:
- Under the current statutory language, could the exemption mechanism be designed such that the customer receives a rebate of EEC contributions from the fiscal agent (rather than electric utilities modifying their billing systems so that those customers who receive an exemption are billed only 30% of the EEC charges that they otherwise would have been billed)?
- What is the relationship between EEC exemptions and EEU budgets (that is, will the granting of an EEC exemption alter the EEU's previously-established budget, or will other customers pay higher EEC rates so that the full EEU budget amount is collected)?
- Would the Board like affected entities to track costs associated with implementation of the EEC exemption mechanism? (At the meeting, Board staff asked for this tracking to occur, but it would be helpful for the Board to address it directly.)